

TARIFF MEMORANDUM

File No.: TA518-18

Date: April 16, 2020

Date Filed: March 16, 2020

Statutory End Date: April 30, 2020

Utility: Matanuska Electric Association, Inc.

Description: Annual Update to Cost-per-Foot

Synopsis of Filing:

Matanuska Electric Association, Inc. submits its annual update to the cost-per-foot for constructing new single-phase services for the 2020 construction season.

Tariff Recommendation:

The Commission should:

- Approve Tariff Sheet No. 38, filed March 16, 2020, by Matanuska Electric Association, Inc. with TA518-18, as shown on the attached side-by-side tariff sheet (LHW-1). The effective date of the tariff sheet should be May 1, 2020; and,
- Approve the removal of Tariff Sheet Nos. 37.2.1 through 37.3, 39.1 through 39.9.1, and 40.1 from Matanuska Electric Association, Inc.'s tariff.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Lisa Weimer
Lisa Weimer

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	Date (if different from 4/16/19)	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett	<u>4/17/2020</u>	<u>RMP</u>		
McAlpine		<u>SM</u> SM		
Scott		<u>AGS</u> AGS		
Sullivan		<u>DS</u> DS		
Wilson	<u>4-17-2020</u>	<u>JW</u> JW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Stephen McAlpine
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: April 16, 2020

From: Lisa Weimer, Utility Tariff Analyst

Subject: TA518-18, Matanuska Electric Association, Inc.
Annual Update to Cost-per-Foot for Construction of Single-Phase Services

STATEMENT OF CASE

Matanuska Electric Association, Inc. (MEA) submits its annual update to the cost-per-foot for constructing new single-phase services for the 2020 construction season.

RECOMMENDATION

The Commission should:

- Approve Tariff Sheet No. 38, filed March 16, 2020, by Matanuska Electric Association, Inc. with TA518-18, as shown on the attached side-by-side tariff sheet (LHW-1). The effective date of the tariff sheet should be May 1, 2020; and,
- Approve the removal of Tariff Sheet Nos. 37.2.1 through 37.3, 39.1 through 39.9.1, and 40.1 from Matanuska Electric Association, Inc.'s tariff.

BACKGROUND

MEA is a member-owned cooperative providing electric service to approximately 66,600 customers in southcentral Alaska.¹ Under MEA's current line extension tariff policy, applicants for the New Service Allowance are required to pay MEA the estimated cost of new facilities in excess of the applicable New Service Allowance. For single-phase service, estimated costs are generally calculated by multiplying a standard cost-per-foot, times the distance in feet to connect new facilities. MEA's cost-per-foot is recalculated and filed with the Commission annually using actual data from the two preceding years. MEA's tariff provides that the standard cost-per-foot will be filed with the Commission by March 16 of each year, to be effective beginning May 1 of that year.²

MEA now submits TA518-18, updating the cost-per-foot for single-phase service for the 2020 construction season in accordance with its current tariff policy. A public notice was issued for

¹ MEA currently has approximately 66,600 customers. See tariff advice letter for TA515-18, MEA's most recently approved COPA filing, submitted December 30, 2019, at page 2.

² See Tariff Sheet No. 37.1 of MEA's currently effective tariff, effective January 26, 2016.

TA518-18 on March 16, 2020, with comments requested by April 15, 2020. No comments were received.

ANALYSIS

Cost-per-Foot Increase (Tariff Sheet No. 38)

The Commission evaluates proposed revisions to line extensions and service connections under AS 42.05.311³ and 3 AAC 52.455.⁴ A utility's tariff must include the terms and conditions,⁵ rates,⁶ and methodology⁷ used to calculate the rates for line extensions and service connections, and any proposed revision to these non-recurring rates must include cost support.⁸

MEA's line extension policy states that the estimated cost of providing a new single-phase secondary service will be determined by multiplying a standard cost per foot of new secondary construction times the distance in feet to hook up the new facilities.⁹

MEA's cost-per-foot for constructing new single-phase service is calculated by dividing the total actual costs incurred, from the two preceding years, by the actual total feet of lines installed during the same period. Table 1 shows a breakdown of the actual construction costs for 2018 and 2019.

TABLE 1

Line	Description	Total Feet Installed			Total Costs			2 Year Total Cost Per Foot
		2019	2018	2 Year Total	2019	2018	2 Year Total	
1	No Primary - Overhead (OH) Secondary	2,267	2,912	5,179	110,706	130,031	240,737	46.48
2	No Primary - Underground (UG) Secondary	55,351	68,359	123,710	1,208,247	1,357,857	2,566,104	20.74
3	No Primary - OH and UG Secondary	12,934	16,910	29,844	357,699	450,282	807,981	27.07
4	No Conductor Installed			0	388,511	370,309	758,820	
5	Total	70,552	88,181	158,733	2,065,163	2,308,479	4,373,642	27.55

As shown on Tariff Sheet No. 38 filed with TA518-18, MEA calculated the standard cost-per-foot to be \$27.55.¹⁰ This represents an increase of \$1.03 from the currently approved cost-per-foot of \$26.52. MEA states that while most categories of costs decreased in 2019 because of fewer new service connections, relative to 2018, the increase of the standard cost-per-foot is primarily due to a proportionately larger decrease in the amount of footage installed, thereby having fewer feet of line on average over which to spread the construction costs.¹¹

Staff has verified that the calculations are accurate and consistent with MEA's line extension methodology. Therefore, Staff recommends the Commission approve Tariff Sheet No. 38.

³ See AS 42.05.311, *Joint Use and Interconnection of Facilities*.

⁴ See 3 AAC 52.455, *Line Extensions and Service Connections*.

⁵ See AS 42.05.311(c).

⁶ See 3 AAC 52.455(a)(1)-(10).

⁷ See 3 AAC 52.455(a)(7) and 3 AAC 52.455(d).

⁸ See 3 AAC 48.275(b), *Supporting Information*.

⁹ See Tariff Sheet No. 37.1 of MEA's current tariff, effective January 26, 2016.

¹⁰ Equals \$4,373,642/158,733.

¹¹ See tariff advice letter filed with TA518-18, at page 2.

Removal of Tariff Sheets (Tariff Sheet Nos. 37.2.1 through 37.3, 39.1 through 39.9.1, and 40.1)

MEA proposes removing a number of tariff sheets, in their entirety, from its tariff. Staff notes that these tariff sheets formerly contained line extension methodology;¹² however, in TA462-18, MEA revised its line extension methodology and the tariff sheets are currently reserved for future use.¹³ MEA now proposes removing these tariff sheets in order to make the tariff cleaner, and more effective for the reader.¹⁴

Staff has confirmed that the removal of the tariff sheets will not disrupt the numeration of MEA's tariff. Staff notes that the Commission has allowed other utilities to remove tariff pages from their tariffs.¹⁵ Therefore, Staff recommends the Commission approve the removal of Tariff Sheet Nos. 37.2.1, 37.2.2, 37.3, 39.1, 39.2, 39.3, 39.4, 39.5, 39.6, 39.7, 39.7.1, 39.8, 39.9, 39.9.1, and 40.1

CONCLUSION

With TA518-18, MEA requests approval of its proposed cost-per-foot for constructing new single-phase services for the 2020 construction season. Staff has verified that the calculations are accurate and consistent with MEA's current methodology, the proper support was filed, and the tariff sheet is correct. Therefore, Staff recommends the Commission:

- Approve Tariff Sheet No. 38, filed March 16, 2020, by MEA with TA518-18. The effective date of the tariff sheet should be May 1, 2020; and,
- Approve the removal of Tariff Sheet Nos. 37.2.1 through 37.3, 39.1 through 39.9.1, and 40.1 from MEA's tariff.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Stephen McAlpine (Apr 17, 2020)

Email: stephen.mcalpine@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 
Dan Sullivan (Apr 17, 2020)

Email: daniel.sullivan@alaska.gov

Signature: 

Email: janis.wilson@alaska.gov

¹² See L9500308, dated May 5, 1995, L9700496, dated June 3, 1997, L9700557, dated July 14, 1997, and L0600368, dated June 19, 2006.

¹³ See L1600029, dated January 25, 2016.

¹⁴ See tariff advice letter filed with TA518-18, at page 2.

¹⁵ See L1700509, dated December 8, 2018, L1800467, dated November 16, 2018, L1800103, dated March 2, 2018 L1300527, dated November 22, 2013.

RCA No. 18 8th Revised Sheet No. 38

Canceling

7th Revised Sheet No. 38

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MAR 15 2019

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

MATANUSKA ELECTRIC ASSOCIATION, INC.

RULES AND REGULATIONS

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2019 the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$26.52.

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Tariff Advice No. 507-18 Effective: May 1, 2019

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer

RCA No. 18 9th Revised Sheet No. 38

Canceling

8th Revised Sheet No. 38

TARIFF SECTION
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2020
RCA

MATANUSKA ELECTRIC ASSOCIATION, INC.

RULES AND REGULATIONS

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2020 the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$27.55.

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Tariff Advice No. 518-18 Effective: May 1, 2020

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer